

**CITY OF MANISTEE
OIL AND GAS INVESTMENT BOARD
MEETING OF AUGUST 17, 2018**

There will be a meeting of the Oil and Gas Investment Board held on Friday, August 17, 2018 at 12:00 p.m. in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660.

AGENDA

I. ROLL CALL.

II. OLD BUSINESS.

- a.) Update on Aztec Producing - Fiscal Year Royalties for 2018: \$41,724

III. NEW BUSINESS.

- a.) Approval of Minutes from April 20, 2018.
- b.) Investment Advisor Update and Commentary.
- c.) Other.

IV. PUBLIC COMMENT.

VI. ADJOURN.

- c. Jim Smith, Chair
Erin Martin Pontiac, Council Representative
Ed Bradford, Vice-Chair
Doug Parkes
Vacancy
Thad Taylor, City Manager
George Saylor, City Attorney
Woody Uible, Investment Advisor

OIL AND GAS INVESTMENT BOARD MINUTES OF APRIL 20, 2018

The City of Manistee Oil and Gas Investment Board held a regular meeting on Friday, April 20, 2018 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660. Meeting was called to order by Chair Jim Smith at 9:00 a.m.

MEMBERS PRESENT: Ed Bradford, Steve Brower, Doug Parkes, Erin Martin Pontiac, Jim Smith, Thad Taylor

MEMBERS ABSENT: None

OTHERS PRESENT: Lynda Beaton, Roger Zielinski

OLD BUSINESS

Aztec Well Update – Currently operating, last monthly royalty check was approximately \$5,000.

NEW BUSINESS

Minutes - Minutes from the February 16, 2018 meeting were reviewed. **MOTION** by Doug Parkes, second by Erin Martin Pontiac to accept the minutes as presented. No discussion. Voice Vote – motion carried.

Investment Advisor Update and Commentary – Woody Uible participated via conference call to present the Investment Update as of March 31, 2018. Discussion items:

- Market Assessment – modest inflation, low interest rates, continued economic growth.
- Leading Economic Indicators – continue to trend higher.
- History of Market Declines.
- Unwinding Stimulus.
- Price earnings ratio on U.S. stocks.
- Domestic vs. International performance.
- Asset Allocation. Close or on target percentages.
- Risk Management – Maturity, sector and quality distribution.
- Equity Sector Allocation – portfolio is widely diversified.
- Portfolio Performance – Under performed at 1.4% last quarter. Discussed concerns with current holdings, being monitored.
- Partial change in ownership for Bartlett, added partners, sharing best practices.

Annual Spending Rule Calculation – Discussion on City Council’s desire to use an additional \$200,000 above the 4% spending rule for streets.

- Concerns expressed on setting a precedent. Council previously took an additional \$87,000, where does it stop.
- Goal of board: manage the fund as an endowment to continue growth and provide benefit for future generations.
- Charter protections vs. state law on investments; the spending rule is the policy that balances these two.
- Street Committee recommendations, pressure to do more on streets. Council obligation to improve streets.
- Mitigate risk and benefit by managing as an endowment.
- Water and sewer bond obligation on the fund.
- Requested Investment Advisor’s perspective: Fund should operate as an endowment. The Board should act like trustees of the fund. Don’t take away from future leaders and board members. Too easy to set a pattern and would endanger the ability to manage and sustain the fund. This is a remarkable asset for the community. Fund should not be tapped except for an emergency.
- Healthy discussion and review.
- Some endowments are looking at lowering spending rules from 4% to 3.5%.
- This fund’s spending rule was previously reduced from 4.5% to 4%.

Request to Change Next Meeting Date – Investment Advisor Woody Bartlett has requested moving the July meeting to August. Moving the meeting to August would allow his personal attendance at a meeting. Board agreed to change the July 20, 2018 meeting to August 17, 2018.

PUBLIC COMMENTS

None.

NEXT MEETING / ADJOURNMENT

Next regular meeting is scheduled for Friday, August 17, 2018 at 12:00 p.m. in the Second Floor Conference Room, City Hall. Following general discussion **MOTION** to adjourn by Ed Bradford, second by Doug Parkes at 10:02 a.m.

DRAFT - cl

Cynthia Lokovich, CAP-OM
Executive Secretary / Recording Secretary

- c. Manistee City Council
Board Members
Thad N. Taylor, City Manager
George Saylor, City Attorney